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Message Text

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43
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DRC-01 RSC-01 /079 W
---------- 056422
R 121045Z APR 74
FM AMEMBASSY GABORONE
TO SECSTATE WASHDC 5293
INFO AMEMBASSY MASERU
AMEMBASSY MBABANE
AMEMBASSY NAIROBI
AMEMBASSY PRETORIA

C O N F I D E N T I A L GABORONE 0474

STATE PASS AID

NAIROBI PASS REDSO

E.O. 11652: GDS
TAGS: EFIN, EAID, ETRN, BC
SUBJ: BOTSWANA'S "LIFE-LINE" PROJECT ASSUMING MAJOR SIGNIFICANCE

1. SUMMARY: DURING AMBASSADOR'S COURTESY CALLS, GOB MINISTERS STRESSED INCREASING IMPORTANCE BOT-ZAM ROAD TO BOTSWANA ECONOMY IN LIGHT ANTICIPATED MAJOR DEVELOPMENTS IN NORTHERN BOTSWANA AND PROMISING EXPORT MARKETS IN ZAMBIA AND ZAIRE. IN ADDITION, VICE PRESIDENT EXPLAINED THAT SOUTHERN AFRICA OIL EMBARGO WILL IN TIME BECOME MORE EFFECTIVE WHICH COULD HAVE SERIOUS CONSEQUENCES FOR BOTSWANA ECONOMY. ACCORDINGLY, GOB CONTINUES ATTACH HIGHEST PRIORITY EARLY UPGRADING AND COMPLETION ENTIRE NORTH-SOUTH ROAD, WITH PARTICULAR EMPHASIS CRITICAL BOT-ZAM STRETCH. VICE PRESIDENT ALSO ADVISED AMBASSADOR THAT FINANCING SECURED FOR ALL SECTIONS OF HIGHWAY WITH EXCEPTION BOT-ZAM LINK. GOB SEEKING PARALLEL FINANCING IN ACCORDANCE USG SUGGESTION, BUT EFFORTS UNSUCCESSFUL TO DATE.

2. DURING COURSE OF AMBASSADOR'S CALLS ON GOB MINISTERS,
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THE INCREASING POLITICAL AND ECONOMIC SIGNIFICANCE TO

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BOTSWANA OF THE NORTH-SOUTH ROAD (KNOWN AS THE "LIFE-LINE" PROJECT) AND ESPECIALLY THE NATA-KAZUNGULA PORTION, WAS STRESSED BY VIRTUALLY EVERY MINISTER. VICE PRESIDENT MASIRE AND MINISTER OF MINERAL RESOURCES SEGOKO, WHILE EXPRESSING SINCERE APPRECIATION FOR U.S. DEVELOPMENT ASSISTANCE, FRANKLY ADMITTED GOB VERY DISAPPOINTED THAT USG COULD NOT PROVIDE SUPPLEMENTAL FINANCING FOR BOT-ZAM IN VIEW CRITICAL IMPORTANCE ATTACHED THIS PROJECT.

3. MOST MINISTERS COMMENTED ON EXCELLENT PROSPECTS FOR MAJOR DEVELOPMENTS IN NORTHERN BOTSWANA BASED ON MINERAL EXPLOITATION, LIVESTOCK DEVELOPMENT, THE ESTABLISHMENT OF NORTHERN ABATTOIR (FOR WHICH AID FINANCING SOUGHT), HORTI-CULTURE AND SECONDARY INDUSTRIES.

4. MINISTER OF MINERAL RESOURCES PREDICTED AGREEMENT WITH SUBSIDIARY OF BRST (IN WHICH AMAX AND THOUSANDS OF INDIVIDUAL U.S. INVESTORS ARE MAJOR SHAREHOLDERS) FOR MINING SODA ASH AND SALT WILL BE CONCLUDED THIS YEAR. VICE PRESIDENT MASIRE AND MINISTER SEGOKO CONFIRMED U.S. STEEL HAS DISCOVERED PROMISING DEPOSITS OF COPPER AND NICKEL IN NW BOTSWANA. THEREFORE, IRRESPECTIVE OF IMPACT SOUTHERN AFRICAN OIL EMBARGO, IT BELIEVED BOT-ZAM ROAD WILL ASSUME FAR GREATER SIGNIFICANCE THAN ANTICIPATED EARLIER IN LIGHT PROMISING MARKETS FOR BEEF, SALT AND OTHER MINERALS IN ZAMBIA AND ZAIRE. MINISTER OF STATE KGARI ALSO STRESSED CRITICAL IMPORTANCE OF BOT-ZAM ROAD. HE SAID THAT HIGHWAY, WHICH WILL ALLOW GRADUAL REORIENTATION OF ECONOMY TO NORTH, SUPPORTIVE OF MAJOR GOB POLITICAL OBJECTIVE WHICH SEEKS TO CONSOLIDATE POLITICAL LIES WITH OAU NATIONS.

5. AT SAME TIME, VICE PRESIDENT STATED IT GOB'S ASSESSMENT THAT BOHCOTT WILL BECOME AT LEAST PARTIALLY EFFECTIVE OVER TIME WITH POSSIBLE DIRE CONSEQUENCES FOR BOTSWANA'S VITAL EXPORTS AND DEVELOPING ECONOMY. HE TOLD THE AMBASSADOR THAT SOUTH AFRICAN AUTHORITIES HAD ADVISED GOB THEY ANTICIPATED SHORTAGES OF BUNKERING FUEL AND THAT IN EVENT OF CRITICAL SUPPLY SITUATION SAG WOULD BE OBLIGED RESERVE ALL BUNKER FUEL FOR ESSENTIAL SA SHIPPING. VICE PRESIDENT ALSO MENTIONED THAT BOTSWANA BEEF SHIPMENT DETAINED IN SA
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PORT, ALLEGEDLY DUE FUEL SHORTAGE, FOR SIX WEEKS IN DECEMBER AND THAT FOR THIS AND OTHER REASONS GOB HAD DECIDED IT IMPERATIVE TO GIVE HIGHEST PRIORITY TO HARD-TOPPING AND ACCELERATED COMPLETION ENTIRE NORTH-SOUTH HIGHWAY. VICE PRESIDENT SAID THAT SAUDI ARABIA HAD AGREED SUPPLY BOTSWANA'S ANNUAL FUEL REQUIREMENTS THROUGH SOUTH AFRICA, BUT HE STRESSED GOB CANNOT RELY ON THIS SOLUTION WITH ANY ASSURANCE. GOB APPREHENSIVE THAT ONCE SHORTAGES OCCUR, DOMESTIC

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PRESSURES IN SA COULD DEVELOP IN OPPOSITION THIS ARRANGEMENT IF BOTSWANA RECEIVING ALL ESSENTIAL FUEL NEEDS WHILE SA HARD HIT. MOREOVER, BOTSWANA OFFICIALS BELIEVE SAG MIGHT DEMAND EQUAL TREATMENT. IN SUM, GOB BELIEVES PROPOSED ARRANGEMENT FRAGILE SINCE EITHER SAUDI ARABIA OR SOUTH AFRICA COULD AND VERY POSSIBLY MIGHT RENEGE AT ANY TIME.

6. IN P S CONVERSATION WITH VICE PRESIDENT MASIRE, AMBASSADOR MENTIONED THAT THE USG HAD OFFERED TO COOPERATE IN PARALLEL FINANCING OF BOT-ZAM ROAD AND ASKED WHAT PROGRESS GOB HAD MADE IN OBTAINING OTHER DONOR ASSISTANCE. VICE PRESIDENT REPLIED CANADIANS HAD FLATLY REJECTED PROSPECT ON GROUNDS ROAD WOULD STILL BE IDENTIFIED AS U.S. PROJECT. HE SAID NORWEGIANS HAD INDICATED WILLINGNESS TO STUDY POSSIBILITY OF COOPERATION, BUT THAT GOB HAD NOT YET MADE FORMAL REQUEST SINCE NORWEGIANS BEING ASKED FOR ASSISTANCE ON NATA-FRANCISTOWN LINK. VICE PRESIDENT MASIRE ALSO REPORTED THAT ARAB LEADERS TOLD HIM IT WOULD BE AT LEAST ONE YEAR BEFORE PROPOSED AFRICAN/ARAB DEVELOPMENT BANK COULD BE ESTABLISHED AND THAT $2 MILLION EMERGENCY FUND THEREFORE BEING MADE AVAILABE. ARAB OFFICIALS ADVISED GOB TO APPLY FOR LOAN ASSISTANCE THROUGH OAU SECRETARIAT. THEREFORE, ON FEB 28 GOB MADE FORMAL APPLICATION FOR ASSISTANCE TO "LIFE-LINE" PROJECT. ALTHOUGH RECEIPT OF APPLICATION ACKNOWLEDGED, THERE NO OFFICIAL REPLY TO DATE.

7. EXCEPT FOR BOT-ZAM STRETCH, FINANCING NOW SECURED FOR ALL OTHER PORTIONS NORTH-SOUTH ROAD. THE VICE PRESIDENT SAID A CONSORTIUM OF NORWEGIAN, CANADIAN AND DANISH DONORS RECENTLY PLEDGED $17 MILLION FOR NATA-FRANCISTOWN LINK, WITH NORWEGIAN GOVERNMENT GIVING $7 MILLION, AND THE DANISH AND CANADIAN GOVERNMENTS $5 MILLION EACH ON GRANT OR IDA SOFT LOAN TERMS. ALSO, SWEDISH GOVERNMENT HAS AGREED TO PARTIAL
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DIVERSION RECENTLY INCREASED GENERAL DEVELOPMENT GRANT FOR ROAD CONSTRUCTION IF NECESSARY. IDA, UK, WORLD BANK AND INCREASED FRG PLEDGES INSURE EARLY COMPLETION LOBATSE-FRANCISTOWN STRETCH.
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